



1025 South Moorland Road, Suite 200
Brookfield, WI 53005

To: Members of the Senate Committee on Financial Institutions and Revenue
Senator Dale Kooyenga, Chairman

From: Jon Jossart, General Manager, Ambassador Hotel-Milwaukee, and
Vice Chairman, Wisconsin Hotel & Lodging Association Board of Directors, and
Legislative Committee Chairman, Wisconsin Hotel & Lodging Association

Date: May 25, 2021

Re: Support for SB 198 – Collection & Remittance of Room Tax by Marketplace Providers

As a hotel executive for over 20 years of multiple properties renting lodging in Wisconsin, as well as a Member of the Board of Directors for the only state association representing the entire lodging industry in Wisconsin, I feel it is important to express the frustration hundreds of both small and large lodging owners and operators around the state who follow the law in collecting and remitting room tax to their local municipalities.

While the lodging properties work diligently to follow the law and support our communities, thousands of short-term rentals, processed by large and profitable marketplace providers, continue to by-pass the collection and remittance of the room tax, in whole or in part, by either not remitting any room tax at all, not remitting room taxes collected to the proper municipality or possibly only remitting taxes based upon a portion of the total sale price paid by the consumer.

Room taxes are a tremendously valuable tool which supports the promotion of tourism in our state and our local communities, and also provides additional funding to many municipal governments throughout the state. It is vital that we protect these funds for promoting local tourism, helping to attract visitors who are critical to the success of our local businesses.

SB 198 is another important step toward leveling the playing field across the lodging industry, whether a marketplace provider, a short-term rental and traditional lodging property, such as hotels, motels and resorts, ensuring all entities are collecting and remitting room tax in full. This legislation is really addressing Tax Fairness and we would appreciate your consideration in moving the bill forward.

Please support SB 198.



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To: Members of the Senate Committee on Financial Institutions & Revenue
Senator Dale Kooyenga, Chairman

From: Bill Elliott, President & CEO, and Kathi Kilgore, Contract Lobbyist

Date: May 25, 2021

Re: Support for SB 198 – Collection & Remittance of Room Tax by Marketplace Providers

The Wisconsin Hotel & Lodging Association represents hotels, motels, resorts, inns, bed & breakfasts, and lodging executives throughout the state. It is on behalf of these members that we respectfully request your support of SB 189. SB 198 is the same legislation that was passed by the State Assembly in February 2020 by a voice vote and concurrence was unanimously recommended by the Senate Committee on Agriculture, Revenue and Financial Institutions in March 2020. However, it did not receive a vote in the State Senate because the March 2020 floor session was cancelled due to the COVID-19 pandemic.

2019 Act 10, which went into effect on January 1, 2020, created the requirement for marketplace providers to collect and remit sales taxes on the sales price of the purchase of goods and some services. The legislation also required the collection and remittance of room tax by marketplaces providers that facilitate the sale or furnishing of rooms, lodging or other accommodations to tourists.

SB 198 ensures that the room tax dollars that are collected by marketplaces, such as Airbnb, VRBO and Expedia, are remitted to the correct municipality by requiring the room tax be distributed based on the physical address of the property rather than by zip code, which is common practice.

This legislation also requires counties to provide the Department of Revenue with the complete county tax roll. Once this information is provided, DOR will create a database with the information to help marketplace providers identify what municipality an address is in. This database will also assist DOR in the collection of premier resort taxes. Marketplace providers or their software providers can then upload the new DOR database into their platform so that they have the ability to more accurately know what municipality the property is in.

Coupled with another provision of SB 198 that requires DOR to create and maintain a centralized website to provide municipal contact information and room tax rates for each municipality, marketplace providers will have the tools to collect the correct amount of the room tax and ensure they are remitting the taxes to the proper municipality.

SB 198 gives municipalities the tools to properly enforce the room tax law by giving them the ability to levy forfeitures against a marketplace provider that is not complying with the law. The bill also allows municipalities to collect vital information and potentially review room-tax related records or conduct room-tax related audits.

Room tax collections are vitally important to municipalities and the entire tourism industry alike. In most municipalities that collect room tax, a majority of the room tax funds are designated for tourism promotion and tourism development. These funds are essential to growing our local and state tourism economies.

On behalf of the members of the Wisconsin Hotel & Lodging Association across the state, we ask for you to support SB 198 and the two amendments introduced by the bill sponsors. Thank you for your consideration.



Senate Bill 198: Room Tax
Senate Committee on Financial Institutions and Revenue
Testimony of Senator Joan Ballweg
May 25, 2021

Good morning, members of the committee. Thank you for hearing this important piece of legislation.

The room tax is an important and growing source of revenue for municipalities. In 2019, the most recent data available, 293 municipalities have a room tax that collected \$107,757,459 in revenue (please find attached as a part of this testimony a table of each municipality, its rate, and revenue collected). Generally, municipalities are limited to charging no more than 8% for the tax, and 70% of the revenue must be used for tourism promotion and development, with certain exceptions.

This is not a new tax. This bill will help municipalities ensure they are receiving the room tax they are due, specifically from lodging marketplaces, which are third party entities that provide a platform for people to offer for rent a short-term rental unit. As of April 5, 2021, DOR reported 30 active lodging marketplaces in Wisconsin, of which the most well-known example is likely Airbnb (please see the attached list of Active Lodging Marketplace Licensees).

One of the issues is that the room tax is remitted based on zip code, which makes it difficult for a municipality to know if they are receiving the correct amount. To fix this, **the bill requires the marketplace provider to collect the room tax and file it with the appropriate municipality quarterly and submit a form to the Department of Revenue with the following information:**

- Total sales for properties located in a municipality with a room tax
- Total number of nights properties were rented
- The rate of the room tax applied to total sales
- Total tax collected for properties located in a municipality with a room tax

The bill gives a municipality the ability to call for an audit of the tax-related records of entities subject to a room tax if the municipality has probable cause, and it clarifies that the fine that may be imposed for failure to pay the room tax applies to a marketplace provider, too.

We introduced an amendment that allows the tax to be remitted more frequently than the quarterly requirement if an agreement exists between the marketplace provider and municipality, based on feedback we received from a municipality that has such an agreement in place. We introduced another amendment, based on feedback, to ensure the correct amount is collected in a situation where a booking takes place before a rate change, but the stay is after the rate change.

This bill is based on legislation from last session (2019 AB 683/SB 646), which passed the Assembly and the Senate committees in March of 2020. There is urgency to pass the bill as the tourism industry comes back after the pandemic. Also, the bill gets implemented on the first day of the calendar quarter that is at least three months after publication of the bill. In other words, if we get it passed this quarter, we could catch the fourth quarter of this year, otherwise we are looking at this taking effect next year.

Thank you for your consideration of SB 198, and I am happy to answer any questions.

APPENDIX

2019 Room Tax Rates and Reported Revenues

Municipality ⁽¹⁾	2019 Room Tax Rate ⁽²⁾	2019 Reported Tax Revenues ⁽³⁾	Municipality ⁽¹⁾	2019 Room Tax Rate ⁽²⁾	2019 Reported Tax Revenues ⁽³⁾
Adams			Columbia		
Adams (C)	5.0%	\$503	Caledonia (T)	2.4%	\$46,054
Adams (T)	5.5	9,434	Columbus (C)	6.0	90,502
Dell Prairie (T)	5.0	55,719	Portage (C)	6.0	159,709
Rome (T)	8.5	502,641	Wisconsin Dells (C)	5.5	1,966,571
Strongs Prairie (T)	5.5	46,924	Crawford		
Ashland			Bridgeport (T)	5.0	11,639
Ashland (C)	6.5	129,789	Ferryville (V)	4.0	11,423
La Pointe (T)	6.5	179,307	Prairie du Chien (C)	6.0	273,308
Barron			Soldiers Grove (V)	5.0	5,910
Barron (C)	6.0	33,893	Dane		
Rice Lake (C)	5.5	286,882	Blooming Grove (T)	5.5	93,963
Turtle Lake (V)	4.0	74,104	Fitchburg (C)	7.0	36,775
Bayfield			Madison (C)	10.0	18,929,841
Bayfield (C)	8.0	350,108	Madison (T)	8.0	126,101
Bayfield (T)	6.5	63,930	McFarland (V)	8.0	7,101
Bayview (T)	6.5	19,066	Middleton (C)	8.0	1,986,710
Cable (T)	4.0	18,911	Middleton (T)	5.0	40,516
Drummond (T)	4.0	12,390	Monona (C)	8.0	263,115
Eileen (T)	6.5	78,026	Mount Horeb (V)	5.0	80,821
Grand View (T)	4.0	13,417	Oregon (V)	8.0	50,206
Hughes (T)	3.0	4,706	Stoughton (C)	6.0	72,146
Iron River (T)	3.0	12,611	Sun Prairie (C)	7.0	362,822
Namakagon (T)	4.0	123,858	Verona (C)	7.0	655,214
Washburn (C)	6.5	52,961	Vienna (T)	5.0	149,777
Brown			Waunakee (V)	5.0	22,953
Allouez (V)	10.0	5,063	Windsor (T)	7.0	30,301
Ashwaubenon (V)	10.0	467,501	Dodge		
Bellevue (V)	10.0	13,744	Beaver Dam (C)	5.0	120,032
De Pere (C)	10.0	8,719	Lomira (V)	4.0	7,694
Green Bay (C)	10.0	471,597	Waupun (C)	7.5	99,381
Howard (V)	10.0	12,958	Door		
Pulaski (V)	8.0	34,448	Baileys Harbor (T)	5.5	117,837
Suamico (V)	10.0	151,473	Clay Banks (T)	5.5	1,399
Buffalo			Egg Harbor (T)	5.5	140,768
Alma (C)	5.0	3,155	Egg Harbor (V)	5.5	136,436
Burnett			Ephraim (V)	5.5	186,243
Siren (V)	5.0	78,790	Forestville (T)	5.5	200
Calumet			Gardner (T)	5.5	11,441
Brillion (C)	4.0	19,769	Gibraltar (T)	5.5	230,108
Chippewa			Jacksonport (T)	5.5	31,150
Chippewa Falls (C)	6.0	222,949	Liberty Grove (T)	5.5	104,484
Lake Hallie (V)	8.0	369,373	Nasewaupee (T)	5.5	32,462
Clark			Sevastopol (T)	5.5	101,895
Abbotsford (C)	3.0	26,703	Sister Bay (V)	5.5	196,411
Neillsville (C)	6.0	32,312	Sturgeon Bay (T)	5.5	12,781
Thorp (C)	5.0	39,827	Sturgeon Bay (C)	5.5	200,494
			Union (T)	5.5	1,531
			Washington (T)	5.5	27,714

Municipality ⁽¹⁾	2019 Room Tax Rate ⁽²⁾	2019 Reported Tax Revenues ⁽³⁾	Municipality ⁽¹⁾	2019 Room Tax Rate ⁽²⁾	2019 Reported Tax Revenues ⁽³⁾
Douglas			Juneau		
Solon Springs (V)	2.0%	\$9,364	Lemonweir (T)	5.0%	\$36,751
Superior (C)	7.5	864,506	Mauston (C)	5.0	155,202
Dunn			New Lisbon (C)	5.0	35,844
Menomonie (C)	7.0	466,087	Union Center (V)	5.0	881
Eau Claire			Kenosha		
Altoona (C)	7.0	221,194	Kenosha (C)	8.0	958,324
Eau Claire (C)	8.0	2,017,248	Pleasant Prairie (V)	8.0	80,702
Union (T)	8.0	142,260	Wheatland (T)	8.0	4,392
Fond du Lac			Kewaunee		
Fond du Lac (C)	8.0	1,094,120	Algoma (C)	6.0	80,260
Ripon (C)	7.0	130,584	Kewaunee (C)	4.0	27,370
Forest			La Crosse		
Crandon (C)	4.5	15,476	Campbell (T)	5.0	25,032
Hiles (T)	4.5	5,150	Hamilton (T)	1.0	1,485
Laona (T)	4.5	3,385	Holmen (V)	5.0	17,747
Lincoln (T)	4.5	3,312	La Crosse (C)	9.5	2,879,499
Nashville (T)	4.5	13,022	Onalaska (C)	8.0	807,953
Wabeno (T)	3.0	1,531	West Salem (V)	3.0	20,440
Grant			Lafayette		
Boscobel (C)	5.0	41,108	Belmont (V)	4.0	17,259
Lancaster (C)	5.0	6,265	Darlington (C)	4.0	5,007
Platteville (C)	5.0	175,973	Langlade		
Green			Antigo (C)	6.0	122,652
Monroe (C)	4.0	97,595	Lincoln		
New Glarus (V)	5.0	81,303	Merrill (C)	6.0	101,621
Green Lake			Tomahawk (C)	4.0	46,440
Berlin (C)	4.0	5,310	Manitowoc		
Brooklyn (T)	5.0	30,560	Manitowoc (C)	8.0	638,265
Green Lake (C)	7.0	91,184	Mishicot (V)	8.0	79,016
Iowa			Two Rivers (C)	8.0	116,372
Dodgeville (C)	5.5	79,127	Marathon		
Mineral Point (C)	5.0	54,864	Mosinee (C)	8.0	40,597
Iron			Rib Mountain (T)	8.0	535,395
Hurley (C)	5.0	29,642	Rothschild (V)	8.0	636,892
Kimball (T)	5.0	50,368	Schofield (C)	8.0	15,093
Mercer (T)	4.5	100,644	Wausau (C)	8.0	975,538
Montreal (C)	5.0	1,060	Weston (V)	8.0	470,315
Jackson			Marinette		
Black River Falls (C)	7.0	9,067	Marinette (C)	6.0	297,210
Brockway (T)	7.0	215,482	Marquette		
Jefferson			Buffalo (T)	4.5	1,446
Fort Atkinson (C)	5.0	46,578	Harris (T)	4.5	1,108
Jefferson (C)	5.0	5,954	Mecan (T)	4.5	13,883
Johnson Creek (V)	8.0	136,572	Montello (C)	2.0	7,097
Watertown (C)	5.0	123,732	Montello (T)	4.5	9,907
			Oxford (T)	4.5	3,383
			Packwaukee (T)	4.5	5,573
			Westfield (V)	4.5	3,283

Municipality ⁽¹⁾	2019 Room Tax Rate ⁽²⁾	2019 Reported Tax Revenues ⁽³⁾	Municipality ⁽¹⁾	2019 Room Tax Rate ⁽²⁾	2019 Reported Tax Revenues ⁽³⁾
Milwaukee			Price		
Brown Deer (V)	7.0%	\$504,958	Eisenstein (T)	4.5%	\$2,283
Cudahy (C)	7.0	10,816	Lake (T)	4.5	4,740
Franklin (C)	6.0	359,041	Park Falls (C)	4.5	21,341
Glendale (C)	7.0	913,726	Phillips (C)	3.0	18,117
Greenfield (C)	7.0	9,187	Racine		
Milwaukee (C)	7.0	15,736,548	Burlington (C)	6.0	126,889
Oak Creek (C)	8.0	1,160,965	Caledonia (V)	8.0	6,959
Wauwatosa (C)	7.0	1,607,813	Mount Pleasant (V)	8.0	381,969
West Allis (C)	7.0	343,377	Racine (C)	8.0	390,163
West Milwaukee (V)	8.0	230,535	Waterford (V)	8.0	15,725
Monroe			Yorkville (T)	8.0	6,409
Sparta (C)	7.0	152,262	Richland		
Tomah (C)	8.0	626,070	Richland Center (C)	5.0	58,866
Oconto			Rock		
Gillett (C)	6.0	2,067	Beloit (C)	8.0	206,697
Oneida			Evansville (C)	7.0	14,700
Minocqua (T)	4.0	444,410	Janesville (C)	8.0	1,107,159
Pelican (T)	3.5	55,465	Rusk		
Rhineland (C)	5.5	235,627	Ladysmith (C)	4.0	46,816
Three Lakes (T)	4.5	75,908	St. Croix		
Woodruff (T)	4.0	10,323	Baldwin (V)	5.0	76,007
Outagamie			Hudson (C)	3.0	263,744
Appleton (C)	10.0	183,440	New Richmond (C)	5.0	124,024
Grand Chute (T)	10.0	377,454	Sauk		
Kaukauna (C)	10.0	19,129	Baraboo (C)	6.0	9,395
Kimberly (V)	10.0	55,209	Delton (T)	5.5	146,555
Little Chute (V)	10.0	20,173	Lake Delton (V)	5.5	10,980,528
Ozaukee			Merrimac (T)	7.0	109,902
Belgium (V)	7.0	9,115	Prairie du Sac (T)	6.0	6,951
Cedarburg (C)	5.0	84,110	Reedsburg (C)	6.0	94,959
Grafton (V)	7.0	387,762	Sauk City (V)	6.0	45,329
Port Washington (C)	8.0	259,003	West Baraboo (V)	6.0	180,387
Saukville (V)	7.0	36,665	Sawyer		
Pepin			Hayward (C)	4.0	84,114
Pepin (V)	8.0	25,577	Hayward (T)	4.0	105,877
Pierce			Hunter (T)	4.0	167,965
River Falls (C)	5.0	140,602	Lenroot (T)	2.0	19,545
Polk			Shawano		
Amery (C)	5.0	4,475	Belle Plaine (T)	3.0	23,727
Luck (V)	2.0	11,911	Cecil (V)	3.0	40
Osceola (V)	3.0	15,525	Shawano (C)	4.5	25,569
St. Croix Falls (C)	4.0	19,204	Washington (T)	8.5	512
Portage			Wescott (T)	4.5	21,433
Plover (T)	8.0	70,932	Wittenberg (T)	8.0	55,054
Plover (V)	8.0	314,002			
Stevens Point (C)	8.0	945,953			

Municipality ⁽¹⁾	2019 Room Tax Rate ⁽²⁾	2019 Reported Tax Revenues ⁽³⁾	Municipality ⁽¹⁾	2019 Room Tax Rate ⁽²⁾	2019 Reported Tax Revenues ⁽³⁾
Sheboygan			Washburn		
Elkhart Lake (V)	7.0%	\$747,892	Beaver Brook (T)	5.0%	\$5,918
Kohler (V)	5.0	1,265,070	Spooner (C)	5.5	5,776
Plymouth (C)	8.0	210,813	Washington		
Sheboygan (C)	8.0	1,612,432	Germantown (V)	6.0	306,733
Sheboygan (T)	8.0	78,202	Hartford (C)	7.0	143,805
Sheboygan Falls (C)	5.0	34,785	Jackson (V)	5.0	48,484
Wilson (T)	8.0	91,655	West Bend (C)	8.0	388,438
Taylor			Waukesha		
Medford (C)	4.0	43,892	Brookfield (C)	10.5	3,389,098
Rib Lake (V)	5.0	1,830	Brookfield (T)	8.0	809,345
Trempealeau			Delafield (C)	8.0	489,393
Osseo (C)	5.0	5,016	Menomonee Falls (V)	8.0	369,061
Trempealeau (V)	2.5	7,336	Mukwonago (V)	6.0	13,457
Vernon			New Berlin (C)	8.0	248,484
Hillsboro (C)	5.0	27,962	Oconomowoc (C)	6.0	336,752
Viroqua (C)	3.0	23,507	Pewaukee (C)	6.0	808,854
Vilas			Waukesha (C)	8.0	718,772
Arbor Vitae (T)	4.0	80,724	Waupaca		
Boulder Junction (T)	5.5	154,947	Clintonville (C)	5.0	32,200
Eagle River (C)	4.5	72,251	Fremont (V)	4.5	14,939
Land O Lakes (T)	4.5	48,349	New London (C)	6.0	13,472
Lincoln (T)	4.5	13,940	Waupaca (C)	8.0	271,268
Manitowish Waters (T)	4.5	106,859	Waushara		
Plum Lake (T)	4.5	63,687	Dakota (T)	4.0	10,856
Presque Isle (T)	4.5	10,319	Marion (T)	4.0	32,918
Saint Germain (T)	4.5	385,087	Mount Morris (T)	4.0	6,673
Washington (T)	4.5	234,174	Wautoma (T)	4.0	27,911
Walworth			Wild Rose (V)	4.0	1,031
Delavan (C)	8.0	757,390	Winnebago		
Delavan (T)	8.0	141,583	Fox Crossing (V)	10.0	8,562
East Troy (V)	5.0	12,902	Menasha (C)	10.0	356
Elkhorn (C)	6.0	163,294	Neenah (T)	10.0	1,376
Fontana (V)	5.0	507,310	Neenah (C)	10.0	80,708
Geneva (T)	6.0	339,604	Oshkosh (C)	10.0	1,854,394
La Fayette (T)	6.0	44,127	Wolf River (T)	4.5	5,870
Lake Geneva (C)	5.0	798,242	Wood		
Lyons (T)	3.0	818,942	Marshfield (C)	8.0	563,079
Walworth (V)	5.0	1,995	Wisconsin Rapids (C)	8.0	<u>408,245</u>
Whitewater (C)	8.0	104,115	Total		
Williams Bay (V)	5.0	14,848	\$107,757,459		

(1) T=Town, V=Village, C=City

(2) Rate in place on December 31, 2019, for those municipalities that, according to DOR room tax reports, reported room tax revenues for 2019.

(3) Amounts reported on municipal financial report forms submitted to DOR. DOR does not audit these figures as they are not used for state aid purposes. Some municipalities do not show the share of room taxes going to their tourism entities on the financial report form. In certain instances, the amounts reported reflect revenue figures from the DOR room tax reports. Figures include the City of Milwaukee 7% room tax collections for the Wisconsin Center District.

Sources: Department of Revenue and Legislative Fiscal Bureau

List of Active Lodging Marketplace Licenses

Business Name	Business Mailing Address	Issue Date
THE CONGER COLLECTION	1706 BELLEWOOD DR, WAUNAKEE WI 53597	11/8/2017
JPPSL LLC	14701 CROSSCREEK DR, AUSTIN TX 78737	11/9/2017
TRILLIUM	E10596 E SALEM RIDGE RD, LA FARGE WI 54639	11/13/2017
EAGLE RIVER LANDING LLC	4216 DREXEL AVE, MADISON WI 53716	11/22/2017
A.M.A.Z.E. ENTERPRISES LLC	PO BOX 580207, PLEASANT PRAIRIE WI 53158	11/24/2017
DOOR COUNTY WATERFRONT RENTAL LLC DBA SUITE ON THE WATER	948 MEMORIAL DR, STURGEON BAY WI 54235	11/24/2017
S & J SUNSHINE RENTALS LLC	5430 STENNER HILL RD, BOSCOBEL WI 53805	11/24/2017
IMSE & BROWN	W148N9959 RIMROCK RD, GERMANTOWN WI 53022	1/8/2018
HILGART REALTY INC	PO BOX 286, PARK FALLS WI 54552	2/9/2018
THE REAL ESTATE GROUP INC	5355 SCHROTH LN, APPLETON WI 54913	2/9/2018
HANSON REALTY INC	PO BOX 275, PEMBINE WI 54156	2/9/2018
WICO INC DBA EVERGREEN PARK	12525 KNOLLWOOD LN #28, SURING WI 54174	5/29/2018
PROPERTY MANAGEMENT OF HAYWARD INC	PO BOX 1269, HAYWARD WI 54843	6/20/2018
NICOLET VACATIONS LLC	2470 CATHERINE DR, RACINE WI 53402	7/20/2018
HILLER VACATION HOMES LLC	200 STATE HWY 70, SAINT GERMAIN WI 54558	9/21/2018
A-CUBED DBA SAND COUNTY SERVICE COMPANY	PO BOX 409, LAKE DELTON WI 53940	9/25/2018
JD BNB LLC	1914 W KILBOURN AVE, MILWAUKEE WI 53233	12/3/2018
SCHULDES PROPERTIES LLC	305 CENTURY OAK DR, WAUKESHA WI 53188	1/28/2019
JAMBER INVESTMENTS LLC	3506 CROCUS DR, DE PERE WI 54115	4/4/2019
KEEFE & ASSOCIATES INC DBA NORTHERN WATERS VACATION RENTAL/KEEFE VACATION RENTALS	751 GENEVA PKWY N, LAKE GENEVA WI 53147	4/12/2019
RECREATIONAL RENTAL PROPERTIES INC	PO BOX 1361, HAYWARD WI 54843	4/12/2019
NORTHWOODS HOME RENTALS & REAL ESTATE LLC DBA NORTHWOODS HOME RENTALS	5256 US HWY 51, MANITOWISH WATERS WI 54545	5/6/2019
HOME STAY GETAWAYS LLC	42W588 STILL MEADOWS LN, ELBURN WI 60119	5/6/2019
BIRCH ISLAND LLC	28865 BIRCH ISLAND LAKE DR, DANBURY WI 54830	5/6/2019
AIRBNB INC	888 BRANNAN ST, SAN FRANCISCO, CA 94103	5/16/2019
114 W MAIN ST LLC DBA BAEHR HAUS	130 N BRISTOL ST, SUN PRAIRIE WI 53590	5/16/2019
HARVS VACATION RENTALS INC	8066 MOHAWK TRL, ST GERMAIN WI 54558	11/1/2019
VACASA WISCONSIN LLC	PO BOX 1338, BOISE ID 83701	12/9/2019
YANG-LAO PROPERTIES LLC	161940 GUSMAN RD, SCHOFIELD WI 54476	12/9/2019
STEPAWAY VACATION RENTALS LLC	1452 STATE HIGHWAY 155, ST GERMAIN WI 54558	2/26/2021

This list is updated monthly

4/5/2021



JOEL KITCHENS

STATE REPRESENTATIVE • 1ST ASSEMBLY DISTRICT

Testimony for the Senate Committee on Financial Institutions and Revenue Senate Bill 198 Tuesday, May 25, 2021

Thank you Chairman Kooyenga and committee members for holding a public hearing and allowing me to testify in support of Senate Bill 198. This bipartisan legislation helps to ensure that municipalities are receiving the correct amount of room taxes from lodging marketplace companies, such as Airbnb and Vrbo.

An identical version of this bill was passed by the Assembly last session, but it was unable to receive a vote in the Senate because their last floor session was cancelled due to the COVID-19 pandemic.

In a previous session, we passed legislation that required lodging marketplace businesses to begin collecting the room tax on behalf of their short-term rental clients. That change made it vastly easier to collect taxes on short-term rentals, but it also created an unintended problem which we must fix.

Unfortunately, it is very difficult to assure that the proper room tax is being collected and remitted to the appropriate municipality. There are around 300 municipalities that collect the room tax. Each has a different rate and a different form that must be filled out. Some collect quarterly, some monthly, with all different due dates.

The problems are compounded because in many rural areas, like mine, several municipalities share the same zip code, making it more difficult to determine to which municipality the tax is owed.

On top of all this, there is currently no mechanism for a municipality to check whether they are receiving the correct tax payments. Last session, when this bill was first introduced, Airbnb told us “we’ve got this” and “you’re fixing a problem that doesn’t exist.” As you will hear in further testimony, there is a problem and we absolutely must fix it.

First, this bill makes it as easy as possible for lodging marketplaces to comply with the law and meet their obligation to collect and remit the correct room tax to the proper municipality. There will be a standard form prepared by the Department of Revenue. Taxes will be due quarterly, unless the municipality works out a deal with the marketplace to receive them monthly, as some are doing now.

DOR will post on its website the name of each municipality that imposes a room tax, the rate of the room tax and the mailing address of the municipality.

To ensure that each municipality is receiving the correct amount of room tax revenue, the forms will seek and include the following information: the total sales for properties located in a municipality with a room tax, the total number of nights such properties were rented, the room tax rate and the total tax due. They will not require the addresses of the properties.

If a lodging marketplace company does not file their room tax return on time or neglects to pay the required tax, a municipality may impose a forfeiture that does not exceed 25 percent of the room tax due for the previous year or \$5,000, whichever is less. This is the same penalty for traditional lodging businesses, such as hotels.

If a municipality has probable cause to believe that an incorrect amount of room tax has been assessed or the room tax return is inaccurate, that municipality may audit the records of the lodging marketplace provider.

It's important that we create a level playing field for lodging marketplace businesses, traditional hotels and any other entities that offer overnight rooms. This bill provides measures to move away from having a separate set of rules for each industry. The legislation is also necessary to make sure that all of our municipalities are receiving the correct amount of room taxes to which they are entitled.

Thank you for taking the time to listen to my testimony and I hope you will consider supporting this bill. I would also like to thank Sen. Ballweg and her staff for all the time they put into drafting SB 198. I would be happy to answer any questions if you have them.



131 W. Wilson St., Suite 505
Madison, Wisconsin 53703
phone (608) 267-2380; (800) 991-5502
fax: (608) 267-0645
league@lwm-info.org; www.lwm-info.org

To: Senate Committee on Senate Committee on Financial Institutions and Revenue
From: Curt Witynski, J.D., Deputy Director, League of Wisconsin Municipalities
Toni Herkert, Government Affairs Director, League of WI Municipalities
Date: May 25, 2021
Re: SB 198, Collecting Room Taxes from Online Marketplace Providers

The League of Wisconsin Municipalities supports SB 198, requiring marketplace providers like Airbnb and Expedia to provide municipalities with more information about room tax collections which communities may be able to use to ensure they are receiving the full amount of room taxes owed.

Over 290 municipalities impose a room tax in Wisconsin. In 2019 room tax collections generated about \$107 million in revenue statewide. Obviously, that number is likely to be significantly less in 2020 owing to the COVID Pandemic.

Cities and villages typically retain only 30% of the room tax revenue they collect. State law mandates that 70% be forwarded to tourism entities or tourism commissions to be spent on tourism promotion and development.

This bill will help municipalities determine whether online hotel and short-term home rental booking services are collecting and remitting all the room taxes owed to them as 2019 Wisconsin Act 10 requires.

Under SB 198, Airbnb, Expedia, and other online lodging marketplace providers charged with collecting and remitting room taxes are required to collect the room tax and file it with the municipality, on a form specified by DOR, on a quarterly basis. The form must contain at least the following information:

- The total sales for properties located in a municipality with a room tax.
- The total number of nights such properties were rented.
- The room tax rate.
- The total tax collected.

The bill further provides that if a marketplace provider does not file the required room tax returns to municipalities in a timely fashion or fails to pay the taxes, a municipality may impose a forfeiture of up to \$5,000 annually.

We also support Amendment 1 to the bill, giving communities the ability to reach agreement with marketplace providers for payment of room taxes on a more frequent basis than quarterly. Communities like Brookfield, Wausau and others are currently receiving payments from online lodging marketplace providers monthly. The League thanks Rep. Kitchen's for introducing this amendment at our request.

We urge you to recommend passage of Amendment 1 and Sb 198 as amended. Thanks for considering our comments.

YOUR VOICE. YOUR WISCONSIN.



To: Members, Senate Committee on Financial Institutions and Revenue
From: Julia Hertel, Executive Director
Date: May 25, 2021
Re: Testimony in Support of SB 198

Chair and committee members: Destinations Wisconsin is comprised of 40 destination marketing organizations that promote destinations throughout our state. We request your support of SB 198.

Almost all of our member convention & visitor bureaus and chambers of commerce receive a portion of their funding from room tax allocations and use those dollars for tourism promotion and tourism development in their destinations. We believe the technical changes recommended in this bill will help ensure that our members, and the municipalities they promote, receive accurate room tax collections in a timely manner from online lodging marketplaces such as Airbnb, Expedia, VRBO and more.

While this bill doesn't solve all the issues surrounding the collection and remittance of room taxes, it does take an important step in the right direction. The bill gives the marketplaces clearer direction on how to comply with our room tax law and requires them to remit the taxes in an accurate and timely manner or face penalties.

We have heard from our members that some of these lodging marketplaces are sending room tax collections to the wrong municipality, collecting the incorrect amount of tax, and have even asked tourism entities to receive the collections and then distribute to the municipalities they serve. Communication attempts to correct these problems have also been problematic with unanswered phone calls and emails.

Room tax collections designated for tourism promotion and tourism development are essential to our local and state tourism economies, especially now when room taxes are down in several of our destinations due to the ongoing pandemic. Some of the dollars are tied to bonding for convention centers or other facilities used by tourists. Some are funding essential marketing campaigns that are driving visitors back to destinations around the state. And, of course, some of the collections are used by the municipalities to support essential programs. If the growing online lodging marketplaces aren't correctly collecting and remitting room taxes, our municipalities and tourism economy are negatively impacted.

Please support SB 198 to help ensure that our municipalities and their tourism entities receive room tax collections in a timely and accurate manner.